



Government of the District of Columbia
Department of Insurance, Securities and Banking

Stephen C. Taylor
Commissioner

November 22, 2016

Susan Meserva, Esq.
General Counsel, Global Mortgage Group
Arch Capital Group Limited
9900 Bren Road East
Minnetonka, MN 55343

Dear Ms. Meserva:

The District of Columbia Department of Insurance, Securities and Banking ("the Department") has reviewed and analyzed in detail the Pre-Acquisition Notification Regarding the Potential Competitive Impact of a Proposed Merger or Acquisition by a Non-Domiciliary Insurer Doing Business in the District ("Form E") filed by Arch U.S. MI Holdings Inc., requesting approval by the Department, as required by District of Columbia Code § 31-704, for acquisition and control of United Guaranty Commercial Insurance Company of North Carolina, United Guaranty Credit Insurance Company, United Guaranty Mortgage Indemnity Company, United Guaranty Residential Insurance Company, United Guaranty Residential Insurance Company of North Carolina and AIG Structured Mortgage Insurance Company (collectively, the "UGC companies"), each of which is a North Carolina domiciled insurance company licensed in the District of Columbia.

The Department has no objection to the proposed acquisition of control of the UGC companies by Arch U.S. MI Holdings Inc., subject to the following conditions, each of which shall be deemed to be supplementary to, and not in derogation of, existing applicable statutes, and regulations:

1. The approval of the Acquisition Agreement by the UGC companies' stockholders; and
2. Approval by the domestic insurance regulator of each involved insurer.

Thank you for your prior notification. If you have any questions concerning this matter, please contact me at (202) 442-7823.

Sincerely,

Philip Barlow
Associate Commissioner of Insurance